

Gray Marketing On The Big Island

Hawaiian Skate Shops Contend With People Back-Dooring Blank Decks

The concept of a gray market in skateboarding is nothing new. Just ask any of the retailers in Europe who have struggled with giant shipments of mystery product appearing for rock-bottom prices at nearby box stores. But on Hawaii's Big Island, the trend is appearing in a smaller, but perhaps more disturbing fashion.

Ken Mayhew, owner of Aikane Sport Shack in Pahoa, Hawaii, became concerned when he heard rumors of someone selling name-brand skate products from the trunk of their car at the local skatepark. Now, a year later, Mayhew says there are at least two, if not three people pedaling gray market skateboards on the island.

"This kid came in to buy five rolls of grip tape. I didn't think much of it, thought he'd just bought some skateboards somewhere else, but his friends came in and said he was selling blanks out of the back of his truck for 40 dollars," he says. "He probably only had to pay ten dollars for a blank board; he is making 30 dollars profit, and none of it is going back into the skate industry."

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Mayhew and the other skate shop owners in Pahoa, Tony Weebs of Pahoa Skate Shop, and Jeff Hunt at Jeff Hunt Surf Shop, aren't sure exactly where the discounted products are coming from, but the feeling



Rune Glibberg back Smiths at last year's North Shore Bowl Jam.

is that one of the skate distributors is letting these individuals slip through the cracks and order direct. So while they are paying the same bottom line for the goods, the overall operating costs are much lower than a legitimate shop, enabling them to cut prices and still make a profit.

"My markup is because I have to pay rent, insurance, employees. If I can just go get a van and not have to have a tax license, it's going to be way cheaper for me to do that," Mayhew says. In Hawaii, you cannot do business without paying a general excise tax, which the gray market sellers are also avoiding.

Mayhew has contacted his distributors, but no one can seem to identify these sellers. "If I could find out who it was I could check into it, but I don't know the name of the shop," Jason Burlew at South Shore Distribution says. "I tried to check the areas—there's no one we've sold to."

The issue goes beyond just skateboarding in Hawaii. Outside of Honolulu, it's common practice to do business without the proper licenses, which the government is trying to fix. But for the skate shop owners, it is especially concerning.

"My biggest complaint is that it's hurting small businesses, which most skate shops are," Mayhew says. "It's the core skate shops that these guys are hurting. You start getting rid of the core skate shops, all you're going to have is big box stores and they are going to sell big box stuff."

Mayhew believes the responsibility lies on the companies and distributors to be stricter about whom they are selling to. He is scheduled to speak at an IASC meeting at ASR in January about the matter.

"At ASR we have a retail round table, so I said, 'Why don't you come and you can hear what we're doing, and at the end of it he could talk about what's going on there and we'll see if we can look into it,'" IASC President John Bernards says. "It's a difficult subject, but the boards could be coming from anywhere."

Mayhew hopes that bringing attention to the issue will help stop the spread of gray marketing. "Companies just need to make it harder for people to slide through—take pictures of inside of a shop, outside with a sign. They just need to make sure that they aren't selling to some Joe Blow."

—Brooke Geery